

**GOVERNMENT OF INDIA
SMALL SCALE INDUSTRIES AND RURAL AND AGRO INDUSTRIES
LOK SABHA**

UNSTARRED QUESTION NO:2678

ANSWERED ON:06.12.2000

CREDIT GUARANTEE FUND

CHANDRAKANT BHAURAO KHAIRE;RAMPAL SINGH;SUKENDER REDDY GUTHA

Will the Minister of SMALL SCALE INDUSTRIES AND RURAL AND AGRO INDUSTRIES be pleased to state:

- (a) whether some credit guarantee fund for SSI has since been formulated;
- (b) if so, the details thereof;
- (c) whether these formulations contain some implications; and
- (d) if so, the details of operational action plan for current year for Small Scale Industries, State and Union Territory-wise with special reference to Maharashtra?

Answer

THE MINISTER OF STATE (INDEPENDENT CHARGE) IN THE MINISTRY OF SMALL SCALE INDUSTRIES AND AGRO INDUSTRIES (SMT. VASUNDHARA RAJE)

(a) & (b): Yes, Sir. A Credit guarantee Fund Trust for Small Industries (CGTSI) has been set up by the Government and the Small Industries Development bank of India (SIDBI) on 27th July, 2000 with an initial corpus fund of Rs. 125 crores to operate the Credit Guarantee Fund scheme for Small Industries. The corpus has been contributed by the Government of India and the SIDBI in the ratio of 4:1 respectively. Through this scheme, an instrument has been created for alleviating the problem of collateral upto a credit limit of Rs. 25 lakhs, whereby 75% of the risk in credit extended without collaterals by the lending institutions is covered. The lending institutions can be any Scheduled Commercial Banks, selected Regional Rural Banks and such of those institutions as may be specified by the Government of India. The scheme covers new and existing SSIs including those engaged in Information Technology and software industry.

(c) & (d): To avail the guarantee facility, the eligible lending institutions have to enter into an agreement with CGTSI. Awareness of the Scheme among the lending institutions has been created by CGTSI through its Web site, seminars, letters and one to one discussion with the eligible lending institutions. The lending institutions can cover the eligible credit facilities extended by them for units coming up in any part of India including Maharashtra. No separate State-wise and Territory-wise action plan has been envisaged in the current year.